

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70790 / October 31, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15599**

**In the Matter of**

**Robert Grabowski,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF  
THE SECURITIES EXCHANGE ACT  
OF 1934, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Robert Grabowski (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Grabowski was a registered representative (“RR”) at The Thornwater Company, L.P. (“Thornwater”) from 1997 to 2003. Grabowski next was an RR at Sky Capital LLC (now known as Granta Capital LLC) (“Sky Capital”), a New York-based broker-dealer, from 2003 to 2008. Grabowski, 45 years old, is a resident of Staten Island, New York.

2. On January 25, 2011, Grabowski pled guilty to (1) conspiracy: to commit fraud in connection with the purchase or sale of securities, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; to commit wire fraud, in violation of Title 18 United States Code, Section 1343; and to commit mail fraud in violation of Title 18, United States Code, Section 1341; (2) securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; (3) wire fraud in violation of Title 18 United States Code, Section 1343 and 2; (4) mail fraud in violation of Title 18, United States Code, Section 1341 and 2, before the United States District Court for the Southern District of New York, in United States v. Ross Mandell, et al, 09-cr-662 (S.D.N.Y.). Grabowski’s sentencing hearing has not yet been scheduled.

3. The counts of the criminal indictment under which Grabowski pled guilty alleged, inter alia, that from at least in or about 1998 through in or about 2006, Grabowski and others participated in a securities fraud scheme through Thornwater and Sky Capital. Grabowski and others carried out this scheme by soliciting millions of dollars from investors under false pretenses, manipulating the market for certain affiliated companies’ stocks, failing to use investors’ funds as promised, and misappropriating and converting investors’ funds without their knowledge. In furtherance of this scheme, Grabowski and others used material misrepresentations and omissions to cause individuals to invest in a series of purported investment opportunities, including private placements. Grabowski and others raised a total of approximately \$140 million from investors through their fraudulent scheme. Grabowski and his co-defendants used those funds to enrich themselves, pay undisclosed commissions to brokers, and pay off earlier investors who had lost funds on prior purported investment opportunities.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Grabowski’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent Grabowski be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the

issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy  
Secretary